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FM AMEMBASSY HARARE

TO RUEHC/SECSTATE WASHDC 2116

RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE

RUEHUJA/AMEMBASSY ABUJA 1767

RUEHAR/AMEMBASSY ACCRA 1649

RUEHDS/AMEMBASSY ADDIS ABABA 1780

RUEHRL/AMEMBASSY BERLIN 0397

RUEHBY/AMEMBASSY CANBERRA 1057

RUEHDK/AMEMBASSY DAKAR 1406

RUEHKM/AMEMBASSY KAMPALA 1837

RUEHNR/AMEMBASSY NAIROBI 4265

RHEHAAA/NSC WASHDC

RHMFISS/EUCOM POLAD VAIHINGEN GE

RUEHGV/USMISSION GENEVA 0903

RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK

RHEFDIA/DIA WASHDC

UNCLAS SECTION 01 OF 03 HARARE 001011

SIPDIS

AF/S FOR S.HILL

ADDIS ABABA FOR USAU

ADDIS ABABA FOR ACSS

NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN

TREASURY FOR J.RALYEA AND T.RAND

STATE PASS TO USAID FOR L.DOBINNS AND E.LOKEN

COMMERCE FOR BECKY ERKUL

SIPDIS

E.O.12958: N/A

TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [ECON](#) [ZI](#)

SUBJECT: Zim Notes November 9, 2007

**¶1.** The Embassy Harare Political/Economic Section began producing Zim Notes in July, 2007 to present a perspective on current events in Zimbabwe. Suggestions are always welcome. If you would like to receive Zim Notes by email, as well, please contact Frances Chisholm at chisholmfm@state.gov. Distribution is restricted to U.S. government employees.

**¶2.** Parallel exchange rate: ZW\$1.5million:US\$1

Official exchange rate: ZW\$30,000:US\$1

Black market sugar price Z\$/2kg vs. controlled price of Z\$82,000/2kg

Cooking oil Z\$ /2 liters vs. controlled price of Z\$250,000/750 ml

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On the Political/Social Front

Turmoil in the MDC - Controversy over the MDC's dissolution of its Women's Assembly continues to roil. President Morgan Tsvangirai claims the decision was made because of mismanagement by Assembly chair Lucia Matibenga. Matibenga and her allies within the party counter that the action was without foundation and extra-constitutional, and is an example of Tsvangirai's dictatorial behavior. Civil society women's groups have not surprisingly lined up to support Matibenga. Regardless of which side is right, the MDC has at least been temporarily weakened at a time it should be concentrating on preparing for next year's elections. See Harare ¶1004.

Mobile Voter Registration Still Unsatisfactory - The Zimbabwe Electoral Support Network (ZESN) has concluded that the same problems that afflicted a mobile registration exercise between June and August are still present in a mobile registration drive that began on October 26 and will continue until November 15. Due to a lack of publicity, people are unaware of when and where they can register. Political parties have not been involved in creating awareness of the registration opportunity. For logistical reason,

people have been unable to acquire IDs necessary for registration. On the positive side, ZESN reported that the registration process has been peaceful and there has been an absence of intimidation.

**Attorney General Arrested** - Attorney General Sobusa Gula Ndebele was arrested on allegations of abuse of office on Tuesday. Ndebele allegedly assured former NMBZ Holdings deputy managing director James Mushore, who fled Zimbabwe in 2004 while facing charges of externalizing foreign currency, that he would not be prosecuted if he returned to the country. Mushore did in fact return in September and is still in custody after being arrested. Ndebele, who is associated with the Mujuru faction and is considered an honest prosecutor, last year unsuccessfully tried to prosecute his boss, Justice Minister Patrick Chinimasa, for obstruction of justice for allegedly trying to dissuade witnesses from testifying in an assault trial against Security Minister Didymus Mutasa.

**WOZA continues with its campaign** - calling for an end to political violence - Women of Zimbabwe Arise staged another peaceful demonstration in Harare on November 6, to protest the "continued harassment of and violence against human rights activists at the hands of the Zimbabwe Republic Police." More than 250 members reportedly took part in this demonstration at Parliament and were arrested by the police riot squad who beat a number of women with baton sticks. 98 members were detained for 7 hours at Harare Central before being released. Unusually, the police asked the WOZA members to state their grievances and to notify the police in advance of any future protests.

**Magistrates and Prosecutor's strike cripples the judicial sector** - The National Association of Magistrate's called for a nationwide strike last week giving the GOZ an ultimatum of Friday November 2,

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to meet its wage demands - or face labor action from the group. By Monday November 5, most junior magistrates at the local and provincial level had heeded the call in Harare and Mutare and stopped going to work. The lowest paid magistrate earns about \$ 20 million a month, (US\$16 on the parallel market). The strike will further damage a judicial system already crippled by a lack of resources.

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On the Economic and Business front  
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"Mother of all Seasons" - But Is There Enough Seed\*? - The local production of seed for this planting season is arguably well below the national requirement. The local supply of seed maize has historically been 35,000 metric tons - sufficient to plant for 1.4 million hectares. However, the GOZ is aiming to put 2 million hectares under maize production this season, pushing the seed requirement to 50,000 metric tons, according to the seed houses. With regard to small grains, the Commercial Farmers Union (CFU) and the Agriculture Coordination Working Group under FAO leadership maintain that sorghum is in very short supply with stocks estimated at 1,400 metric tons against a national requirement of 4,000 metric tons. Moreover, the amount of soy bean seed available is just 8,400 metric tons, which is sufficient to plant an area of about 84,000 hectares, yet the GOZ is targeting 120,000 hectares this season. The CFU also estimates that ground nut seed is in short supply and there is no sunflower seed at all in the country. Whether Zimbabwe will be able to produce the oil seed needed to alleviate the acute cooking oil shortage depends primarily on the ability to import seed. In view of the perennial foreign currency shortages, Reserve Bank Governor Goon's "mother of all agricultural seasons" could be a mother of all disappointments. Only cotton and tobacco seed are said to be in adequate supply for the targeted land area this summer.

**National Social Security Authority (NSSA) To Raise Pension Payouts** - How Far Will The Money Go? - In oral evidence presented to the Parliamentary Portfolio Committee on Public Service, Labor and Social Welfare, NSSA acting Director of Finance and Investment James Matiza announced that with effect from 2008 NSSA will increase its monthly minimum pension payouts from Z\$250,000 (US\$0.21 on the parallel market) to Z\$10,000,000 (US\$8.33), with the highest paid pensioner receiving Z\$23 million (US\$19.17), up from Z\$350,000

(US\$0.29). While the increases appear high in nominal terms, by the time they reach the pensioners' purses, hyperinflation will likely have eroded it all away.

Private Sector Estimates of Inflation Surge - See Harare 1003 for an overview of the latest private sector estimates of inflation - deep in 5-digit territory.

Prices Continue To Soar on the Zimbabwe Stock Exchange (ZSE) - Activity on the ZSE has been high in recent months with almost all counters registering significant price increases. Both the industrial and mining indices have risen to dizzying heights, thanks to a number of factors. The introduction of the concessionary BACOSSI facility has depressed interest rates on the money market resulting in investors opting for the stock market. In addition, numerous companies have been churning out impressive interim and end-of-year results in nominal terms at least, although in real terms, many of them have registered significant declines. The mining index has also benefited from the upswing in prices of most metals, including gold, platinum and chrome, even though Zimbabwe on the whole has hardly benefited due to its poor investment climate.

Reserve Bank Governor Gono Shelves Plans To Introduce New Currency - Gono told the state-controlled Sunday Mail that a new currency would not be launched any time soon. See "Quote of the Week" below for more color. We assume he meant no new bearer cheques either any time soon. How long Gono can go without introducing new notes to

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help business cope with the hyperinflation accounting problem of billions, trillions and quadrillions is unclear.

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